

Approved **ROUTINE** **12/28/76** **120030Z** **ALCS** **NRDP84B00890R000700020023-6** Date

TO: (Name, office symbol, room number, building, Agency/Post)	Initials	Date
1. Acting EO/DDA	<i>[Signature]</i>	12/28
2.		
3. ADDA	<i>[Signature]</i>	12-28
4.		
5. DDA	<i>[Signature]</i>	

Action	File	Note and Return
Approval	For Clearance	Per Conversation
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REMARKS

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5041-102

OPTIONAL FORM 41 (Rev. 7-76)

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ROUTING AND TRANSMITTAL SLIP

Date

TO: (Name, office symbol, room number,
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Date

1. EO/DDA

JW

1 DEC
1981

2. A/DDA

3. D/Os

4.

5.

Action	File	Note and Return
Approval	For Clearance	Per Conversation
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REMARKS

Suspended w/os for
15 December

DD/A REGISTRY

FIVE security-4

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DD/A Registry
81-2499

SECRET

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DD/A Registry
81-2944

DD/A Registry
81-2499

30 November 1981

NOTE FOR: ✓ Executive Officer, DDA
OGC (Attn: [redacted])
Chief, SECOM
Executive Officer, ICS

Attached are copies of two articles which appear to contain unauthorized disclosures of intelligence data. The DDCI asked that an investigation be undertaken to determine the source of the first article (from Foreign Report). I gave an advance copy to [redacted] for [redacted] on Friday, 27 November. (S)

The second article (from the Post on 29 November), it appears to me on the surface, is drawn from the same report as the first article. I included it on that basis. (S)

As I told [redacted] last Friday, I don't think there are many reports which fit the descriptions in these articles. And, by virtue of the subjects in any such reports, they would be highly classified and controlled in small numbers and not seen by thousands of people. (S)

I would appreciate some feedback in due course. (U)

If there is anything I can do to assist, such as answer questions, please let me know. (U)



SA/DDCI

Attachments

ATTACHMENTS UNCLASSIFIED

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SECRET

Short-sighted spies?

President Reagan and his Central Intelligence Agency chief, William Casey, have been told in a top-secret report that they should reverse declining American expenditure on the CIA's spy-in-the-sky satellites. Prepared by intelligence experts at the request of Reagan's aides, the report says that "collection systems generally, both human and technical, have been grossly underfunded during the Carter years as continuation of budget cuts initiated during the Ford administration" and that the United States is "funding and planning to fund only about one-half the number of the various types of technical collection systems that it requires".

The report continues: "The systems of the 1970s are being replaced on a one-for-two basis, and the older systems are themselves being squeezed out at an imprudent rate unjustified by initial operating capability dates of new systems." Although more than \$1 billion is spent every year on technical collection systems, the report says this amount is not adequate and allows no room, for example, for the failure of a satellite launch between now and the mid-1980s. The report complains that Carter stopped production in 1977 of the best satellite system for high-resolution intelligence collection (able to focus on an area with great clarity). This system was better than its replacement, which can be flown on both high or medium-resolution missions, the experts' report said. It called Carter's decision wholly unjustified and said that satellite intelligence with "maximum measurement capability" may no longer be regularly available.

The report also complained that there are two high-altitude telemetry system satellites in operation "but both are dying" and that although the successor system is greatly improved, not enough satellites are being purchased to cover blind spots. The CIA plans to launch an improved high-to-medium-resolution electro-optical satellite after 1985 which might fill some gaps but there are not enough satellites capable of conducting searches in the pipeline, and there is no guarantee that the new system will function as planned, the report says. The United States depends heavily on the launch of this system, with no real backup, and "could be completely blinded with no overhead photo reconnaissance capability at all in the mid-1980s", the report says.

It recommends that Reagan build more of the kind of satellites that Carter ended, as well as a new photo-reconnaissance medium-resolution system for area search as an insurance against problems with the latest system. More satellites should be bought so that some can be held in reserve, because "as presently planned, all satellites in the new system must work or the United States will be blind". On the ground, the report says that "the number of collection stations should be roughly doubled to compensate for a reduction by one half during the Carter years".

The CIA's Real Sins

For all its "destabilization" efforts, "disinformation" programs and cloak-and-dagger activities, the CIA's real function is supposed to be expert, objective analysis of world events.

Yet not a single piece of pending legislation intended to "unleash" the CIA would have any significant effect on the agency's ability to perform its prime function.

By demanding punishment for anyone who names its agents, seeking authority to spy on Americans and claiming exemption from the Freedom of Information Act, the CIA is deliberately throwing up a smokescreen to hide its failures at intelligence-gathering.

A point to keep in mind is that a decade ago, the CIA was doing most of what it is asking Congress for authority to do now. But the illegal James Bond operations did not improve the quality of the CIA's intelligence.

That's what should be the subject of the debate on Capitol Hill—the quality of the CIA's intelligence, not the side issues and irrelevancies that are getting all the attention.

A devastating assessment of the CIA's performance has been under review by White House aides. The top-secret analysis has been examined by my associate Dale Van Atta.

Mind you, the appraisal was not the work of the CIA's usual liberal critics. It was prepared by professionals for the most conservative administration in half a century.

Here is its truly appalling conclusion:

"The American intelligence community, chiefly the CIA, has routinely failed to predict major political and military developments before such developments become irreversible and before they become blatantly obvious, even to the general public."

What the report called "massive and virtually inexplicable intelligence failures that have occurred during the last 15 years" include the following:

- "Abject failure to predict the massive Soviet buildup" of nuclear missiles;
- "Wholesale failure to understand the characteristics of Soviet missiles under development prior to SALT I;
- "Failure to predict the major improvements in accuracy of Soviet ICBMs in the late 1970s;

- "Consistent gross misstatement of Soviet global objectives;

- "General failure to explain the characteristics of Soviet conventional weapons systems and vessels, for example, the Soviet T-64 and T-72 tanks and the new Russian guided missile cruisers;

- "Consistent miscalculation regarding the effect of and general apology for massive technology transfer from the West to the East;

- "Apparent internal failure of counterintelligence generally," and, of course,

- The entire situation in Iran.

This indictment would be merely embarrassing if it were only a matter of professional performance that had no bearing on national security. But the top-secret analysis estimates that, of the fast-approaching 10-year period when "The U.S. ICBM force will be totally vulnerable to a Soviet missile attack, at least five years can be attributed to miscalculation engendered by erroneous intelligence produced by the CIA."

Having listed the symptoms, the analysts proceed to diagnose the cause of our intelligence system's sickness:

There is "nothing that remotely resembles competitive analysis, nor is there any process for quality review," the report explains, adding: "These deficiencies exist notwithstanding general recognition by all governments that competitive analysis is essential to accuracy and that quality review is the best method of weeding out those incapable of or deliberately prone toward drawing incorrect assessments."

In fact, the analysis says, there "appears to be almost a direct relationship between degree of failure to predict accurately military and political developments—and career success." In other words, it's the bumbler who gets promoted.

There is no real review of intelligence estimates several years later, when their accuracy or inaccuracy would be obvious, and the analysts explain why: "Doing so would embarrass the CIA and would show a pattern of career advancement by those who gave the worst assessments."

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